

Alaska Bankers Association

July 5, 2019

The Honorable Bryce Edgmon
Speaker of the House
State Capitol, Rm. 208
Juneau, AK 99801-1182

The Honorable Cathy Giessel
President of the Senate
State Capitol, Rm. 111
Juneau, AK 99801-1182

The Honorable Lance Pruitt
House Minority Leader
State Capitol, Rm. 404
Juneau, AK 99801-1182

The Honorable Tom Begich
Senate Minority Leader
State Capitol, Rm. 11
Juneau, AK 99801-1182

Dear Speaker Edgmon, Representative Pruitt, President Giessel and Senator Begich:

The Alaska Bankers Association (AKBA) represents seven state and national banks that are integral to Alaska's economy through the reinvestment of local dollars into our communities. We make loans in the neighborhoods where our depositors live and work. This local investment, in turn, helps small businesses grow and helps families finance major purchases and build financial security.

Alaska's bankers are concerned about the extreme consequences to our local and state economies if no action is taken to override the vetoes made to the FY2020 operating budget. The AKBA supports the prudent use of public funds and maximum administrative efficiency. However, the nearly \$570 million reduction in unrestricted general fund (UGF) spending this year to our state university, public health system and local communities is too much too quick. Fewer employees and students means fewer residents and fewer dollars circulating through our economy, resulting in reduced business activity. There will also be downstream effects, prolonging uncertainty and increasing risk, leading to higher costs for Alaska's businesses and families and a lower level of economic opportunity in the future.

Private capital investment needs a stable state budget climate utilizing a combination of spending less, a rules-based framework for withdrawals from the Permanent Fund and securing new revenues. The AKBA supports a comprehensive, stable and sustainable approach employing these options over a more measured time frame to help avoid the erosion of our education and public assistance institutions, and business and consumer confidence.

Alaska's future depends on its leaders reaching consensus on a stable, sustainable budget solution amid wildly diverse and passionate opinions. The Legislature took the bold step of reducing the UGF operating budget by \$190 million in one year; the additional \$379 million in UGF vetoes simply goes too far. The AKBA urges all four legislative caucuses to pull together to call yourselves into your own special session and immediately act to override the vetoes and address other unresolved issues.

Sincerely,



Michael Martin, Vice-President
Alaska Bankers Association

cc: Members of the Alaska House of Representatives
Members of the Alaska State Senate
Office of the Governor